

The Board of Appeals administers a voluntary disclosure program that can provide for limited liabilities for participants who come forward and disclose their liabilities. See 86 Ill. Adm. Code 210.126. (This is a GIL.)

January 31, 2001

Dear Xxxxx:

This letter is in response to your letter dated December 22, 2000. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120 subsections (b) and (c), which can be found at <http://www.revenue.state.il.us/legalinformation/regs/part1200>.

In your letter, you have stated and made inquiry as follows:

This is a voluntary disclosure proposal to begin collecting and remitting sales and use taxes only on sales to the State with a request that penalties and interest be abated and that the look-back period be subject to a four-year limitation. The companies have not been contacted by the State for tax purposes.

Company A is a manufacturer of testing and calibration equipment for telecommunications equipment. Its sales representative has been operating within the State for several years. Following our letter dated February 15, 2000 and your reply dated March 20, 2000, we do consider that the companies have nexus in the State and consequently, we have advised them that they should be registered for the collection of sales and use tax.

Company B is located in STATE and acts as a distributor for Company A for some sales, mainly to government bodies.

The companies propose to account for its sales and use tax liability, via spreadsheet information, on taxable sales to the U.S. from January 1, 2001 (going onward). In return, the companies request that you abate all penalties and interest and agree not to initiate audit or compliance efforts against them for any period prior to January 1, 1997. The company agrees to remit any amount of sales tax collected as of January 1, 2001 and remit any uncollected tax from its customer for which it has no confirmation that the sale was for resale or that the client self-assessed the use tax.

We believe that it will take about 90 days to determine the extent of its use tax liability as of December 31, 2000 and submit the spreadsheet and payments accordingly.

We trust this will be acceptable to you. If you would like to discuss this proposal, please feel free to contact #####.

The Legal Services Office has no statutory authority to compromise a debt owed to the State or to waive taxpayers' obligations that arose prior to their voluntary registration. This office is therefore unable to approve agreements with anonymous taxpayers. However, the Board of Appeals administers a voluntary disclosure program that can provide for limited liabilities for participants who come forward and disclose their liabilities. Please see the enclosed copy of 86 Ill. Adm. Code 210.126 for information about the voluntary disclosure program. The Board of Appeals can be reached at (312) 814-3336.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Martha P. Mote
Associate Counsel

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Enc.